

Administrative Services Department

DEPARTMENT PURPOSE

The Town Manager provides overall administration, leadership, and direction for the Town organization. The Administrative Services Department supports the Town Manager in these functions, and is made up of six key programs, including the Town Manager's Office, Clerk Administration, Customer Service Center, Finance and Administrative Services, Human Resources, and Management Information Systems (MIS). Originally located under Town Offices, the Clerk Administration program was transferred to the Administrative Services Department in FY 2005/06 to reflect the coordination and integration of administrative functions to better support the organization and community. A Customer Service program was developed using existing resources as a result of the administrative restructuring discussed in the budget overview section. Below is a summary of the Administrative Services Department core services and service objectives.

The Administrative Services Department was formerly known as the Town Manager's Department. This change in name, effective with the 2006/07 fiscal year, more accurately expresses the functions within this department. The Administrative Services Department identifies community issues and needs requiring legislative policy decisions and provides alternative solutions; assures that the Council's policies, programs, and services are effectively and efficiently provided; prepares the Town budget with recommendations on the appropriate resources for Council action; provides research and information necessary for responsible decision making; fosters public awareness of municipal programs, services and goals; responds to citizen inquiries by explaining Town services and functions; investigates problems and provides information and specialized assistance in Redevelopment project area development. The Department is also directly responsible for human resources, finance, budgeting, purchasing, labor relations, management information systems, cable television franchise management, equipment replacement, worker's compensation, records management, customer service management, economic vitality, and other administrative support.

BUDGET OVERVIEW

The FY 2006/07 departmental operating budget reflects a moderate increase in salary and benefits and maintains prior year expenditure levels. It is anticipated that core services and programs provided by the Administrative Services Department will remain at current service levels. However, because budgeted expenditure levels remain unchanged, resource capacity will continue to be limited, impacting the Town's ability to address unanticipated service requests. Departmental core services are discussed in more detail in the program narratives that follow this section.

Administrative restructuring efforts implemented in FY 2005/06 will continue to be managed by the Town Manager's Office. Additional restructuring phases will be evaluated and potentially brought forward for Council consideration at a future time.

ADMINISTRATIVE SERVICES DEPARTMENT

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
REVENUES						
<i>Licenses and Permits</i>	\$ 970,554	\$ 1,041,865	\$ 1,056,814	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
<i>Intergovernmental Revenues</i>	1,193	783	679	700	600	600
<i>Service Charges</i>	71,953	81,197	40,697	-	-	-
TOTAL REVENUES	1,043,700	1,123,845	1,098,190	1,000,700	1,000,600	1,000,600
EXPENDITURES						
<i>Salaries and Benefits</i>	1,792,323	1,762,430	1,752,351	1,809,100	1,824,740	1,848,900
<i>Operating Expenditures</i>	244,060	207,986	217,733	308,810	263,665	302,910
<i>Fixed Assets</i>	-	-	-	-	-	-
<i>Internal Service Charges</i>	211,135	202,581	180,235	172,400	174,700	186,200
TOTAL EXPENDITURES	\$2,247,518	\$2,172,997	\$2,150,319	\$2,290,310	\$2,263,105	\$2,338,010

DEPARTMENTAL EXPENDITURES BY PROGRAM

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
PROGRAM						
<i>Town Manager's Office</i>	\$ 427,944	\$ 366,081	\$ 366,168	\$ 431,000	\$ 420,740	\$ 446,500
<i>Human Resources</i>	485,119	487,579	500,735	543,300	515,685	561,060
<i>Finance & Admin Services</i>	966,337	986,152	967,541	1,008,300	1,027,580	1,020,500
<i>Clerk Administration</i>	368,118	333,185	315,875	213,560	215,400	216,200
<i>Customer Service Center</i>	-	-	-	94,150	83,700	93,750
TOTAL EXPENDITURES	\$2,247,518	\$2,172,997	\$2,150,319	\$2,290,310	\$2,263,105	\$2,338,010

Note – The above departmental schedule represents a summary of General Fund revenues and expenditures for: Town Manager's Office Administration, Human Resources Program; Finance and Administrative Services; Clerk Administration, and the Customer Service Center Program. Prior to FY 2005/06, the Clerk Administration program was budgeted within Town Offices. This budget presentation reprograms these prior year summaries into the Administrative Services Department for comparison purposes. Those programs within the Administrative Services Department that are not in the General Fund (i.e. the Workers Compensation Program) have applicable fund schedules within their program section.

ADMINISTRATIVE SERVICES DEPARTMENT

DEPARTMENT STAFFING

Full Time Equivalents (FTE)

<i>General Fund</i>	Authorized Positions	2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
Town Manager	1.00	1.00	1.00	1.00	1.00	1.00
Assistant Town Manager	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Analyst	-	0.90	0.65	0.70	-	-
Administrative Programs Mgr.	0.70	-	-	-	0.70	0.70
Executive Asst. to Town Mgr.	0.50	0.50	0.50	0.50	0.50	0.50
Office Clerk	0.75	0.75	0.75	0.55	0.55	0.55
Human Resources Director	0.80	0.80	0.80	0.80	0.80	0.80
Human Resources Specialist	1.85	1.80	1.50	1.20	0.85	0.85
Finance Director	1.00	1.00	1.00	1.00	1.00	1.00
Accounting Manager	1.00	1.00	1.00	1.00	1.00	1.00
Finance Project Coordinator	-	0.75	0.75	0.55	-	-
Accountant	1.00	0.90	0.40	0.40	0.40	0.40
Sr. Account Technician	1.35	1.40	1.30	1.30	1.35	1.35
Account Technician	1.60	2.00	2.00	1.60	1.60	1.60
Sr. Account Clerk	0.80	1.00	1.00	0.80	0.80	0.80
Clerk Administrator	1.00	0.75	0.75	1.00	1.00	1.00
Senior Deputy Clerk	-	1.00	1.00	1.00	-	-
Deputy Clerk	1.45	2.00	2.00	1.50	1.45	1.45
Total General Fund FTEs	15.80	18.55	17.40	15.90	14.00	14.00

NON-General Fund FTEs (located in Administrative Services Department programs unless otherwise noted)

Worker's Compensation

Human Resources Director	0.20	0.20	0.20	0.20	0.20	0.20
Human Resources Specialist	0.15	0.20	0.20	0.20	0.15	0.15
Total Workers Comp FTEs	0.35	0.40	0.40	0.40	0.35	0.35

Management Information Services

MIS Manager	1.00	1.00	1.00	1.00	1.00	1.00
MIS Specialist	2.00	1.00	2.00	2.00	2.00	2.00
Administrative Programs Mgr.	0.20	-	-	-	0.20	0.20
Finance Project Coordinator	-	0.25	0.25	0.25	-	-
Total MIS FTEs	3.20	2.25	3.25	3.25	3.20	3.20

CDBG Program (FTEs shown in Community Services Department under Fund 219)

Accountant	-	0.10	-	-	-	-
Sr. Account Technician	0.20	0.10	0.20	0.20	0.20	0.20
Total CDBG FTEs	0.20	0.20	0.20	0.20	0.20	0.20

Redevelopment Agency (FTEs shown in Redevelopment Agency Budget under Fund 930)

Economic Vitality Manager	0.80	-	-	-	0.80	0.80
Total Redevelopment FTEs	0.80	-	-	-	0.80	0.80

ADMINISTRATIVE SERVICES DEPARTMENT

DEPARTMENT STAFFING

Full Time Equivalents (FTE) Continued

	<u>Authorized Positions</u>	<u>2002/03 Funded</u>	<u>2003/04 Funded</u>	<u>2004/05 Funded</u>	<u>2005/06 Funded</u>	<u>2006/07 Funded</u>
<i>CIP Information System Upgrade Project (FTEs shown in Capital Improvement Program under Fund 400)</i>						
Sr. Account Technician	0.20	-	-	-	-	0.20
Account Technician	0.40	-	-	-	-	0.40
Sr. Account Clerk	0.20	-	-	-	-	0.20
Total CIP Project FTEs	0.80	-	-	-	-	0.80
Total Admin Services FTEs	21.15	21.40	21.25	19.75	18.55	19.35
<i>Temporary Staff</i>						
Clerical Aide		1,480	-	-	-	-
Project Manager		1,480	-	-	-	-
Intern		1,805	1,105	125	75	75
Account Technician		240	300	-	-	-
Mail Room Clerk (<i>Library Dept temps</i>)		-	-	250	250	250
Total Annual Hours		5,005	1,405	375	325	325

* A 1.0 FTE Accountant / Administrative Analyst position is shared between Finance, Community Development Department (CDD) and the Redevelopment Agency (RDA). Finance has a .40 FTE Accountant,, CDD a .40 FTE Administrative Analyst, and RDA a .20 FTE Administrative Analyst.

Note: Prior to FY 2005/06, Clerk Administration staff was budgeted in Town Offices. For reference, this budget presentation reprograms prior year FTEs into the Administrative Services Department.

Administrative Services Department

TOWN MANAGER'S OFFICE ADMINISTRATION PROGRAM 2010

PROGRAM PURPOSE

The Office of the Town Manager ensures that all Town programs and services are provided effectively and efficiently. The core services of the Town Manager's Office are to: provide administrative direction and leadership for Town departments, programs, and services to ensure the community receives a high level of service; oversee the Town Council Agenda process to provide comprehensive information and analysis to Town Council in a timely manner; support business attraction, retention, and marketing through economic vitality efforts; foster public awareness of municipal programs, services, and goals; and provide a satisfactory level of response to citizen inquiries, complaints, and requests.

Other key duties include initiating new or special projects that enhance the Town government and community and providing direct staff assistance to the Mayor and Town Council on special projects and day-to-day activities.

BUDGET OVERVIEW

The FY 2006/07 budget for the Town Manager's Office reflects a moderate increase in salary and benefits and slight decrease in operating expenditures. Core services provided by the Manager's Office, such as Council agenda management, general program/policy analysis, economic vitality efforts, public outreach, and customer service initiatives will remain at current levels. It is important to note that because of prior budget reductions and added workload resource capacity will continue to be limited, impacting the Town's ability to address unanticipated service requests.

The administrative restructuring implemented in FY 2005/06 will continue to be managed by the Town Manager's Office. The feasibility of additional restructuring phases will be evaluated and potentially brought forward for Council consideration in the future.

ADMINISTRATIVE SERVICES DEPARTMENT
Town Manager's Office

SUMMARY OF REVENUES AND EXPENDITURES

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
REVENUES						
<i>Licenses and Permits</i>	-	-	-	-	-	-
<i>Intergovernmental Revenues</i>	-	-	-	-	-	-
<i>Service Charges</i>	-	-	-	-	-	-
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES						
<i>Salaries and Benefits</i>	344,821	305,420	311,950	363,200	361,140	377,400
<i>Operating Expenditures</i>	37,258	17,672	13,348	25,500	16,100	21,000
<i>Fixed Assets</i>	-	-	-	-	-	-
<i>Internal Service Charges</i>	45,865	42,989	40,870	42,300	43,500	48,100
TOTAL EXPENDITURES	\$ 427,944	\$ 366,081	\$ 366,168	\$ 431,000	\$ 420,740	\$ 446,500

FY 2006/07 KEY PROJECTS

Library/Civic Center Strategic Master Plan - The Town Manager's Office will continue to coordinate the development of a Library/Civic Center Strategic Master Plan, which will address existing and future Town services and how Town facilities can best accommodate those services. Phase I (Town Service Plan) and Phase II (Town Operational and Space Program Plan) have been completed in draft form. Staff will proceed to develop the Strategic Master Plan with community involvement.

Cable Television Franchise Agreement Renewal Process – Initiated in 2002, franchise agreement renewal negotiation discussions with Comcast, the Town's cable television provider are continuing, but at a slower rate than originally anticipated. The process has been impacted by recently introduced federal telecommunications legislation and reform initiatives would negatively impact local government and potentially eliminate cable television franchise agreements, public, educational, and government access funding, and franchise fee revenue, and reduce local control over the public right-of-way. One of the main drivers of this legislation is the telecommunications companies' interest in entering the cable television/video market.

Staff is working closely with its telecommunications attorney to assess the legislative situation and identify negotiating strategies and options. Policy direction will continue to be provided by the Council Ad Hoc Subcommittee appointed in FY 2003/04 as policy issues arise.

Economic Vitality - The Town Manager's Office will continue to foster business retention, attraction, and marketing opportunities through the Town's Economic Vitality program.

∞ ADMINISTRATIVE SERVICES DEPARTMENT ∞
Town Manager's Office

Town Marketing Plan – The Town Manager's Office will implement the Town Marketing Plan in cooperation with the Chamber of Commerce to guide efforts to promote shopping, dining, and overnight stays in Los Gatos, with the goal of generating revenue that funds local services to the community.

Administrative Restructuring – The Town Manager's Office will continue to manage the FY 2005/06 administrative restructuring and evaluate the feasibility of subsequent phases for Council consideration.

Service Levels/Resource Management – Efforts will continue to further quantify Town service levels, identify funding gaps, understand community priorities, and explore service delivery options to align services with available resources as projected in the 5 year forecast.

Emergency Preparedness – In partnership with the Community Emergency Response Team (CERT) and local, state, and regional health and public safety organizations and agencies, the Town Manager's Office, the Police Department and the Community Services Department will initiate and implement a campaign to provide residents and businesses with a 72-hour resource plan for self-sufficiency during a natural or man-made disaster.

Website and E-Government – Parallel with the continued enhancement of the newly redesigned Town website, the Town Manager's Office will coordinate the upgrade of the Town's financial and human resources information system. Scheduled to begin in Summer 2006, this upgrade will provide future web services, such as online payments, permitting, and customer service tracking. Given the technical and complex nature of this upgrade, it is anticipated that it will be completed with the next two years.

Additional enhancements also include the implementation of video technology to web stream Town Council meetings. Although the Town Council previously expressed an interest in this opportunity, the technology's software costs and outdated Town website were barriers to implementation. However, due reductions in the cost of web streaming technology and the recent Town website upgrade, staff is now pursuing this project. Implementation of this web technology has implications for workload efficiencies as it interfaces with agenda and document management systems, a project current being explored.

Council Policy Committee Support – The Town Manager's Office will continue to provide staff support to the Council Policy Committee. The workplan of this committee is quite extensive and addresses a variety of complex policy issues, including the solicitation and acceptance of donations, memorial requests, naming of Town-owned facilities, ethics, and the recent Council direction to develop procedures related to Council censure.

ADMINISTRATIVE SERVICES DEPARTMENT
Town Manager's Office

KEY PROGRAM SERVICES

- Provides staff support to the Mayor and Town Council
- Provides administrative direction and leadership over Town Departments, programs, and services
- Oversees the Town's organizational and fiscal management efforts and program development and evaluation processes
- Coordinates the preparation of the annual Operating and Capital Budget
- Implements the Town of Los Gatos Strategic Plan
- Oversees and administers Economic Vitality program
- Oversees the Town Council agenda process
- Oversees the Town's cable television franchise agreement
- Addresses citizen complaints, inquiries, and requests
- Provide public information and web management
- Monitors proposed state and federal legislation and coordinates response plan with key legislative organizations
- Oversees special projects and new initiatives, particularly during policy development stages
- Monitors Town interests in regional issues

TOWN MANAGER'S OFFICE STAFFING

Full Time Equivalents (FTE)

Town Staff	Authorized Positions	2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
Town Manager	0.45	0.45	0.45	0.45	0.45	0.45
Assistant Town Manager	0.35	0.35	0.35	0.35	0.35	0.35
Administrative Analyst	-	0.80	0.55	0.70	-	-
Administrative Programs Mgr.	0.70	-	-	-	0.70	0.70
Executive Asst. to Town Mgr.	0.50	0.50	0.50	0.50	0.50	0.50
Economic Vitality Manager*	-	-	-	-	-	-
Office Clerk	0.75	0.75	0.75	0.55	0.55	0.55
Total Manager's Program FTEs	2.75	2.85	2.60	2.55	2.55	2.55

Temporary Staff Hours	2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
Clerical Aide	1,480	-	-	-	-
Intern	-	500	125	75	75
Total Annual Hours	1,480	500	125	75	75

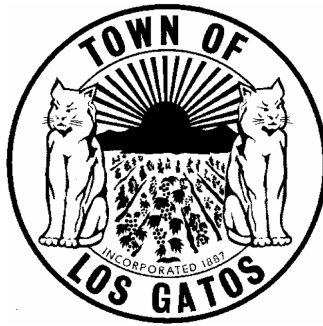
The Economic Vitality Manager position is included in the Town Manager's Office staffing to reflect the position's alignment with managerial oversight. Funding allocation is distributed .20 FTE in Community Development Administration, and .80 FTE to the Redevelopment Agency's Administration.

ADMINISTRATIVE SERVICES DEPARTMENT
Town Manager's Office

Performance Objectives and Measures	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. <i>Provide administrative direction and leadership over Town departments, programs and services to ensure the community receives a high level of service.*</i>					
a. Percentage of residents satisfied or very satisfied with quality of Town services:	<i>New Measure for 2003/04</i>	93%	93%	93%	93%
b. Percentage of residents rating quality of life as good or excellent:	<i>New Measure for 2003/04</i>	97%	97%	97%	97%
2. <i>Oversee the Town Council Agenda process to ensure comprehensive information and analysis is provided to the Town Council in a timely manner.</i>					
a. Percentage of Town Council reports available 96 hours prior to Town Council Meetings	<i>New Measure for 2003/04</i>	85%	93%	93%	95%
3. <i>Foster public awareness of municipal programs, services, and goals.*</i>					
a. Percentage of residents satisfied with the Town's efforts to inform the community about services and events:	<i>New Measure for 2003/04</i>	85%	85%	85%	85%
4. <i>Provide a satisfactory level of response to citizen inquiries, complaints, and requests.*</i>					
a. Percentage of residents having contact with a Town employee satisfied with the timeliness of response:	<i>New Measure for 2003/04</i>	85%	85%	85%	85%
b. Percentage of residents having contact with a Town employee satisfied with an employee's courtesy:	<i>New Measure for 2003/04</i>	90%	90%	90%	90%
c. Percentage of residents having contact with a Town employee satisfied with an employee's competency in handling the issue:	<i>New Measure for 2003/04</i>	87%	87%	87%	87%

Activity and Workload Highlights	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. Number of Town Council agenda reports approved:	<i>New Highlight for 2003/04</i>	400	275	275	275
2. Number of community/customer referrals:	<i>New Highlight for 2003/04</i>	250	250	250	250

**Customer satisfaction Performance Measures are based on the Town's 2003 survey results.*



Administrative Services Department

HUMAN RESOURCES PROGRAM 2030

PROGRAM PURPOSE

The purpose of the Human Resources Program is to attract, develop and retain a quality workforce. It accomplishes this by providing effective and efficient employee recruitment and retention, professional development, training, organizational development, compensation and classification administration, employee relations support, safety and workers compensation administration, benefit administration, and policy and procedure development and administration. Employee relations activities emphasize proactive and preventative informal resolution of employee and management concerns. Program staff is responsible for the development of Memorandums of Understanding (MOU) with the Town's three bargaining units and informal discussions with the Town's management and confidential employees.

BUDGET OVERVIEW

Human Resources continues to be in a period of transition due to several factors, including staffing reductions in each of the last three fiscal years, a new HR Director appointed in 2005, and an HR specialist vacancy that has remained unfilled since December 2005. As a result of these changes as well as the ongoing administrative restructuring in the Town Manager's office, the HR Director is conducting a comprehensive evaluation of HR programs and services for the purpose of re-aligning resources, systems, and service delivery. Therefore, no changes to FTEs are recommended for the FY 2006/07 adopted budget, pending further organizational analysis and review of the HR programs and services. Once the organizational review is complete, it is anticipated that changes to the staffing composition will be recommended at mid-year or for the FY 2007/08 budget.

The overall goods and service budget remains relatively unchanged, with minor shifts across various HR accounts to match the anticipated workload for FY 2006/07.

ADMINISTRATIVE SERVICES DEPARTMENT
Human Resources

SUMMARY OF REVENUES AND EXPENDITURES

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
REVENUES						
<i>Licenses and Permits</i>	-	-	-	-	-	-
<i>Intergovernmental Revenues</i>	-	-	-	-	-	-
<i>Service Charges</i>	-	-	-	-	-	-
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES						
<i>Salaries and Benefits</i>	394,031	385,318	366,178	378,200	378,300	393,200
<i>Operating Expenditures</i>	56,264	70,853	109,084	138,900	114,985	138,560
<i>Fixed Assets</i>	-	-	-	-	-	-
<i>Internal Service Charges</i>	34,824	31,408	25,473	26,200	22,400	29,300
TOTAL EXPENDITURES	\$ 485,119	\$ 487,579	\$ 500,735	\$ 543,300	\$ 515,685	\$ 561,060

FY 2006/07 KEY PROJECTS

Human Resources will continue to provide basic personnel services, however significant emphasis will be placed on training, evaluation of employee benefit options, and internal process improvements. Some key projects that were initiated in prior fiscal years that will continue in FY 2006/07 include:

Employee Orientation and Training- Staff will review existing orientation practices and integrate new components that will enhance employee understanding of Town policies, benefits, and organizational practices. The goal is to improve new employee understanding of Town values, practices, and operations.

Employee Survey - A survey will be distributed to obtain baseline measures for employee satisfaction with employee benefits administration and training.

Update Class Structure/Specifications - Classification plan will be reviewed for opportunities to restructure and reorganize.

Pre-employment Screening Process - Enhanced screening tools that will assist hiring managers in making selections of new employees have been developed and are ready for implementation and training.

Employee Evaluations - Employee evaluation systems that are more directly linked to measurable performance will be examined and considered for implementation.

Evaluate Employee Funded Benefits - Voluntary employee-funded benefit plans such as flexible spending accounts, college tuition programs, and voluntary health and welfare benefit programs will be analyzed and considered for possible implementation.

ADMINISTRATIVE SERVICES DEPARTMENT
Human Resources

KEY PROGRAM SERVICES

- Provides effective administration of employee relations program
- Conducts employee training and organizational development assessments
- Administers employee benefits
- Administers recruitment and selection program
- Administers classification and compensation plans
- Provides information and interpretation regarding Town Personnel Rules, regulations and procedures, MOU and ordinances
- Effectively resolves personnel issues
- Maintains employee personnel files, records, and documentation
- Administers the workers' compensation and safety programs
- Develops, implements, and maintains administrative policies and procedures
- Serves as advisor to employee recognition program
- Provides support for Personnel Board activities

HUMAN RESOURCES PROGRAM STAFFING

Full Time Equivalents (FTE)

	Authorized Positions	2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
<i>Town Staff</i>						
Town Manager	0.30	0.30	0.30	0.30	0.30	0.30
Assistant Town Manager	0.50	0.50	0.50	0.50	0.50	0.50
Human Resources Director	0.80	0.80	0.80	0.80	0.80	0.80
Human Resources Specialist	1.85	1.80	1.50	1.20	0.85	0.85
Administrative Analyst	-	0.10	0.10	-	-	-
Total Human Resources FTEs	3.45	3.50	3.20	2.80	2.45	2.45

	2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
<i>Temporary Staff Hours</i>					
Project Manager	1,480	-	-	-	-
Total Annual Hours	1,480	-	-	-	-

ADMINISTRATIVE SERVICES DEPARTMENT
Human Resources

Performance Objectives and Measures	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. <i>To provide effective and efficient employee recruitment and retention.</i>					
a. Percentage of managers rating Human Resources as good or excellent based on quality of service:	<i>New Measure for 2003/04</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>Data Not Available</i>
b. Percentage of time a candidate pool is produced within time frame mutually agreed to by the hiring department and Human Resources:	<i>New Measure for 2003/04</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>Data Not Available</i>
2. <i>To provide effective and efficient benefits administration.</i>					
a. Percentage of employees rating benefit program material, products and services as good to excellent:	<i>New Measure for 2003/04</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>Data Not Available</i>
3. <i>To provide effective and efficient professional development, training, and organizational development.</i>					
a. Percentage of employees rating the effectiveness of training classes as good to excellent:	<i>New Measure for 2003/04</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>Data Not Available</i>
b. Percentage of employee evaluations completed by due date:	<i>New Measure for 2003/04</i>	48%	85%	90%	90%
4. <i>To provide effective and efficient safety programs.</i>					
a. Percentage of employees rating safety programs as good or excellent based on quality, content and response:	<i>New Measure for 2003/04</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>Data Not Available</i>
5. <i>To provide effective and efficient employee relations support.</i>					
a. Percentage of labor agreements ratified prior to expiration of existing contracts:	<i>New Measure for 2003/04</i>	100%	100%	100%	100%

Activity and Workload Highlights	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. Number of (full-time, part-time and temporary) employees:	234	216	203	220	215
2. Number of recruitments conducted:	5	10	15	10	10
3. Number of employment applications processed:	188	292	400	400	400
4. Number of Workers' Compensation claims filed:	22	22	11	10	10
5. Percentage of eligible employees participating in deferred compensation:	50	49	50	44	44
6. Number of sick leave hours used per benefitted employee:	44.8	48.5	56	57	57

Town Manager's Department

FINANCE & ADMINISTRATIVE SERVICES PROGRAM 2050

PROGRAM PURPOSE

The Finance and Administrative Services Program provides staff support to assure both legal and fiscal accountability to the public. The Finance program's core services are to: provide financial oversight and administer accounting functions for all of the Town's funds and accounts; prepare the Town's Annual Operating and Capital Budgets for fiscal and service accountability; coordinate the annual financial audit and preparation of the Comprehensive Annual Financial Report (CAFR) to verify proper fiscal practices are maintained; administer the Town's Business License, Accounts Payable, Accounts Receivable, and Payroll functions and oversee the Town's Purchasing and Claims Administrations functions, ensuring proper practices are in place, and that fiscal and operational responsibility is upheld.

BUDGET OVERVIEW

Business License Tax revenues are consistent with the prior year. Tax rates are established by Town Ordinance, meaning tax rates are set until increased by 2/3 voter approval. Therefore, revenue growth occurs through either an increase in business gross receipts, or an increase in the number of licensed businesses operating in town. With local economic indicators continuing to suggest a stabilizing but sluggish economy over the next year, the Finance Department's Business License Tax revenue projections are holding steady at FY 2005/06 levels. Staff will continue its efforts to improve audit and revenue collection efficiencies to build the ongoing business license tax base, with an emphasis on ensuring fairness and equity in the business community.

The Finance Department's FY 2006/07 budget reflects goods and services continuing at prior year levels, and personnel expenditures reflecting minor adjustments for cost of living increases. Reduced staffing levels initiated from budget reductions over the last several years continue to impact the department's workload capacity. Although staffing reductions are offset with the implementation of operating efficiencies where possible, it is important to note that resource capacity continues to be limited, impacting the Town's ability to address unanticipated service requests.

With the planned implementation of the new Finance and Human Resources information system, additional staffing time is required to meet workload needs for this project. Therefore, staffing levels that were reduced with budget reductions in FY 2004/05 will be reinstated to assist with the system implementation and charged to this project. Reinstated staff time and funding is reflected in the Capital Improvement Program's Information System Upgrade project rather than in the Finance and Administrative Services Program. As a result, this General Fund program reflects ongoing staffing levels and workload consistent with the prior year for general finance operations.

ADMINISTRATIVE SERVICES DEPARTMENT
Finance & Administrative Services

SUMMARY OF REVENUES AND EXPENDITURES

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
REVENUES						
<i>Licenses and Permits</i>	970,554	1,041,865	1,056,814	1,000,000	1,000,000	1,000,000
<i>Intergovernmental Revenues</i>	1,193	783	679	700	600	600
<i>Service Charges</i>	-	-	-	-	-	-
TOTAL REVENUES	\$ 971,747	\$ 1,042,648	\$ 1,057,493	\$ 1,000,700	\$ 1,000,600	\$ 1,000,600
EXPENDITURES						
<i>Salaries and Benefits</i>	776,321	818,155	821,724	826,300	842,100	837,300
<i>Operating Expenditures</i>	108,278	85,993	72,208	116,100	115,780	116,100
<i>Fixed Assets</i>	-	-	-	-	-	-
<i>Internal Service Charges</i>	81,738	82,004	73,609	65,900	69,700	67,100
TOTAL EXPENDITURES	\$ 966,337	\$ 986,152	\$ 967,541	\$ 1,008,300	\$ 1,027,580	\$ 1,020,500

FY 2006/07 KEY PROJECTS

Financial System Upgrade – With the implementation of the Town's Information System Upgrade beginning in late FY 2005/06, the Finance Department will focus on preparing accounting data table and structure information, as well as data input, testing, and training in the financial system modules of the new information system during FY 2006/07, in preparation for the targeted live date of July 1, 2007.

GASB 45 Implementation - Governmental Accounting Standards Board's (GASB) Statement 45 requires that non-pension benefits for retirees, such as retiree health care be shown as an accrued liability on financial statements, similar to pension benefits. Finance staff will work with an actuarial during FY 2006/07 to ensure the Town's required deadline of December 15, 2007 is met.

Certificate of Participation Project Accounting – Provide financial oversight and project claim accounting for the Town's Redevelopment Agency 2002 Certificate of Participation.

Performance Based Budget Development – With the planned emphasis for future operating budgets to be based on performance management, Finance will continue to assist the Town Manager's Office in the restructuring of the budget process and document to incorporate meaningful performance measures into budgeting decisions.

Policies and Procedure Improvements – Staff time will be devoted to developing efficiencies in contract and procurement functions, as well as financial aspects of various administrative policies and procedures, in coordination with the new financial system. Staff will emphasize financial skill building to increase organizational knowledge and coordination into Town-wide financial and administrative processes

∞ ADMINISTRATIVE SERVICES DEPARTMENT ∞
Finance & Administrative Services

KEY PROGRAM SERVICES

- Develop and monitor the Town's annual operating and capital budgets in accordance with Governmental Finance Officer Association (GFOA) guidelines
- Coordinate the annual audit of the Town's financial statements and preparation of the Comprehensive Annual Financial Report (CAFR)
- Maintain the Town's financial information system for record-keeping and reporting of all financial transactions
- Provide Accounts Payable and Payroll disbursement and reporting services; Accounts Receivable invoicing, revenue collection, and cash reconciliation; and Business License Tax processing and auditing services.
- Provide accounting, arbitrage reporting, and claim reimbursement services for bond issues
- Provide oversight of procurement functions including Purchase Order processing, financial tracking of contracts, vendor resolution issues, and proper accounting allocation

FINANCE & ADMINISTRATIVE SERVICES PROGRAM STAFFING

Full Time Equivalents (FTE)

<i>Town Staff</i>	Authorized Positions	2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
Town Manager	0.25	0.25	0.25	0.25	0.25	0.25
Assistant Town Manager	0.15	0.15	0.15	0.15	0.15	0.15
Finance Director	1.00	1.00	1.00	1.00	1.00	1.00
Accounting Manager	1.00	1.00	1.00	1.00	1.00	1.00
Finance Project Coordinator	-	0.75	0.75	0.55	-	-
Accountant *	1.00	0.90	0.40	0.40	0.40	0.40
Sr. Account Technician	1.35	1.40	1.30	1.30	1.35	1.35
Account Technician	1.60	2.00	2.00	1.60	1.60	1.60
Sr. Account Clerk	0.80	1.00	1.00	0.80	0.80	0.80
Total Finance Services FTEs	7.15	8.45	7.85	7.05	6.55	6.55
<i>Temporary Staff</i>		2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
Intern		1,200	-	-	-	-
Account Technician		240	300	-	-	-
Mail Room Clerk		-	-	250	250	250
Total Annual Hours		1,440	300	250	250	250

* A 1.0 FTE Accountant / Administrative Analyst position is shared between Finance, Community Development Department (CDD) and the Redevelopment Agency (RDA). Finance has a .40 FTE Accountant,, CDD a .40 FTE Administrative Analyst, and RDA a .20 FTE Administrative Analyst.

TOWN MANAGER'S DEPARTMENT
Finance & Administrative Services

Performance Objectives and Measures	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. <i>Assure legal and fiscal accountability to the public, in compliance with established accounting standards.</i>					
a. Town Financial Statements receive an 'Unqualified Opinion' from the Town's independent auditor:	Yes	Yes	Yes	Yes	Yes
b. Governmental Finance Officer Association (GFOA) 'Certificate of Achievement of Excellence in Financial Reporting' awarded to the Town:	Yes	Yes	Yes	Yes	Yes
2. <i>Prepare accurate budget forecasts and workplans in compliance with standard budgeting practices.</i>					
a. Percent of time actual expenditures do not exceed a fund's approved budget appropriations:	<i>New Measure for 2003/04</i>	85%	82%	92%	96%
b. Governmental Finance Officer Association (GFOA) 'Certificate of Achievement of Excellence in Budgeting' awarded to the Town:	Yes	Yes	Yes	Yes	Yes
3. <i>Provide timely and accurate financial reports within specified deadlines.</i>					
a. Percent of State Controller's annual financial reports completed and filed by deadlines:	100%	100%	100%	100%	100%
b. Percent of County annual financial reports completed and filed by deadlines:	100%	100%	100%	100%	100%
c. Percent of time revenue analyses are completed within 30 days of month-end:	<i>New Measure for 2003/04</i>	83%	100%	100%	100%
d. Percent of time bank statements are reconciled to general ledger within 30 days of month-end:	66%	83%	100%	100%	100%
4. <i>Provide financial oversight and administer accounting functions for all Town funds and accounts.</i>					
a. Percentage of Accounts Payable invoices paid accurately:	<i>New Measure for 2003/04</i>	99%	99%	99%	99%
b. Percentage of Payroll checks paid accurately and on time:	<i>New Measure for 2003/04</i>	99%	99%	99%	100%

Activity and Workload Highlights	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. Number of general ledger corrections needed due to processing errors:	<i>New Highlight for 2003/04</i>	40	39	45	45
2. Annual number of invoices entered into the Accounts Payable system:	<i>New Highlight for 2003/04</i>	10,552	8,225	8,600	8,600
3. Average number of Accounts Payable checks issued weekly:	<i>New Highlight for 2003/04</i>	100	96	95	96
4. Average number of regular and temporary employee payroll checks issued bi-weekly:	<i>New Highlight for 2003/04</i>	194	196	197	197
5. Number of Business Licenses issued annually:	<i>New Highlight for 2003/04</i>	3,500	3,724	3,900	3,900

Administrative Services Department

CLERK ADMINISTRATION PROGRAM 2060

PROGRAM PURPOSE

The Clerk Administration Program serves the public by providing information and assistance related to Town records and elections. Currently, the core services of the department include maintaining key Town records through the timely indexing of resolutions, ordinances, and agreements and processing board and commission recruitment applications within established timelines and assisting in the coordination of Town-related election activities.

Implemented as part of the FY 2005/06 administrative restructuring, a new core service in the Clerk Administration Program includes the administration of the Town Customer Service Center. The purpose of the Center is to enhance service to Town customer through the centralization of customer service requests, resulting in operational efficiencies. This new core service will continued to be refined and is now reflected in the department's core services for FY 2006/07.

BUDGET OVERVIEW

Current service levels include providing support for clerical, legislative, and administrative duties in the Town Attorney's Office and claims processing (funded through the Self-Insurance Liability Fund) as a result of the FY 2005/06 restructuring. The Town Manager's Office will continue to manage the restructuring efforts and evaluate the feasibility of subsequent phases for Council consideration at a future time.

Services such as the management and coordination of Town records, board and commission recruitment applications, and Customer Service Center will be maintained at existing levels. The FY 2006/07 budget reflects only minor increases in expenses in line with the program's operational steadiness.

ADMINISTRATIVE SERVICES DEPARTMENT
Clerk Administration

SUMMARY OF REVENUES AND EXPENDITURES

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
REVENUES						
<i>Licenses and Permits</i>	-	-	-	-	-	-
<i>Intergovernmental Revenues</i>	-	-	-	-	-	-
<i>Service Charges</i>	71,953	81,197	40,697	-	-	-
TOTAL REVENUES	\$ 71,953	\$ 81,197	\$ 40,697	\$ -	\$ -	\$ -
EXPENDITURES						
<i>Salaries and Benefits</i>	277,150	253,537	252,499	154,400	164,800	154,600
<i>Operating Expenditures</i>	42,260	33,468	23,093	24,860	15,100	23,800
<i>Fixed Assets</i>	-	-	-	-	-	-
<i>Internal Service Charges</i>	48,708	46,180	40,283	34,300	35,500	37,800
TOTAL EXPENDITURES	\$ 368,118	\$ 333,185	\$ 315,875	\$ 213,560	\$ 215,400	\$ 216,200

Note - Prior to FY 2005/06, the Clerk Administration Program was budgeted in Town Offices. This budget presentation reprograms these prior year summaries into the Administrative Services Department.

2006/07 KEY PROJECTS

Records Management Policy – The Clerk Administration Program will continue to develop a Records Management Policy and Program in conjunction with a Town-wide Records Management Task Force. This project will further enhance the accessibility of Town records for both the general public and Town staff. It will also better identify the Town's records; reduce costs associated with search and retrieval of records, duplication, and storage; and protect records which are vital to the operation of the Town government in the event of a disaster. This project prepares all Town records for the future implementation of an electronic records management system, which may be explored in FY 2006/07 if staff capacity is available.

Customer Service Center – Under the guidance of the Town Manager's Office, the Clerk Administration Program will continue to centralize customer service requests and other applicable Town-wide administrative processes to further enhance service to Town customers and operational efficiencies. Budget reductions were taken in Community Services in FY 2005/06, prompting a shift in responsibilities to the Customer Service Center. These responsibilities were assigned to the Customer Service Center and include Neighborhood Center rental application coordination, residential/business parking permit processing, and customer telephone and counter support.

ADMINISTRATIVE SERVICES DEPARTMENT
Clerk Administration

KEY PROGRAM SERVICES

- Provides public notice of Council, Commission and Board meetings
- Provides public notice of Town Board, Commission, and Committee vacancies
- Accepts and files appropriate documents associated with municipal elections
- Acts as Filing Official for the Town's Conflict of Interest Code in conformance with the requirements of the Fair Political Practices Commission
- Preserves and maintains the Town records and legislative history
- Administers the Town's Customer Service Center
- Quarterly reports to the Elected Town Clerk

CLERK ADMINISTRATION STAFFING

Full Time Equivalents (FTE)

<i>Town Staff</i>	Authorized Positions	2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
Clerk Administrator	0.75	0.75	0.75	1.00	0.75	0.75
Senior Deputy Clerk	-	1.00	1.00	1.00	-	-
Deputy Clerk	0.75	2.00	2.00	1.50	0.75	0.75
Total Clerk Admin FTEs	1.50	3.75	3.75	3.50	1.50	1.50
<i>Temporary Staff</i>		2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
Intern		605	605	0	0	0
Total Annual Hours		605	605	-	-	-

Note - Prior to FY 2005/06, the Clerk Administration Program was budgeted in Town Offices. This budget presentation reprograms these prior year summaries into the Administrative Services Department.

TOWN MANAGER'S DEPARTMENT
Clerk Administration

Performance Objectives and Measures	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. <i>Provide efficient and effective indexing of key documents to ensure adequate tracking of and accessibility to the Town's legislative history.</i>					
a. Percentage of resolutions indexed within five business days:	<i>New Measure for 2003/04</i>	99%	99%	99%	100%
b. Percentage of ordinances indexed within five business days:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	99%	100%
c. Percentage of Town Council Minutes prepared within three business days:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	100%	100%

Activity and Workload Highlights	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. Number of resolutions indexed:	181	187	185	191	195
2. Number of commission and board recruitments and appointments processed:	55	55	55	75	75
3. Number of agreements indexed:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	198	198
4. Number of documents recorded:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	100	100
5. Number of Legal Notices published within established timelines:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	125	125
6. Number of Fair Political Practices Commission (FPPC) Form 700:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	125	125
7. Number of bids processed and project files monitored for final action:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	25	25
8. Number of legislative files maintained following Council action:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	400	400
9. Number of Town records processed for retention:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	1,100	1,100
10. Number of required insurance certificates verified:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	232	232

Administrative Services Department

CUSTOMER SERVICE CENTER PROGRAM 2065

PROGRAM PURPOSE

The purpose of the Customer Service Center is to improve customer service, centralize customer requests for information or assistance, and consolidate select Town-wide clerical and administrative processes to further enhance operational efficiencies.

Implemented as part of the FY 2005/06 administrative restructuring, the Customer Service Center, located in the Clerk Department, is the main point of contact for customers seeking assistance via telephone or in person. Recognizing that the Customer Service Center will continue to evolve based on organizational capacity and community needs, the core services of the Customer Service Center include:

- Providing effective and efficient service to customers via telephone and in person;
- Enhancing inter-departmental efficiencies through a general, yet broad knowledge of Town services, programs and functions to address a wide range of customer inquiries or questions; and
- Coordinating clerical and administrative processes for various customer-related Town programs.

BUDGET OVERVIEW

The FY 2006/07 operating budget for the Customer Service Center maintains prior year expenditure levels. Services such as customer telephone and counter support and residential/business parking permit and Neighborhood Center rental application processing will continue to be delivered.

Applicable performance measures have been developed for FY 2006/07 and reflect the current activities of the Center. Additional measures will be added over time as the Customer Service Center evolves based on community needs and organizational capacity.

ADMINISTRATIVE SERVICES DEPARTMENT
Customer Service Center

SUMMARY OF REVENUES AND EXPENDITURES

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
REVENUES						
<i>Licenses and Permits</i>	-	-	-	-	-	-
<i>Intergovernmental Revenues</i>	-	-	-	-	-	-
<i>Service Charges</i>	-	-	-	-	-	-
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES						
<i>Salaries and Benefits</i>	-	-	-	87,000	78,400	86,400
<i>Operating Expenditures</i>	-	-	-	3,450	1,700	3,450
<i>Fixed Assets</i>	-	-	-	-	-	-
<i>Internal Service Charges</i>	-	-	-	3,700	3,600	3,900
TOTAL EXPENDITURES	\$ -	\$ -	\$ -	\$ 94,150	\$ 83,700	\$ 93,750

This program began in FY 2005/06; hence prior year information does not exist.

2006/07 Key Projects

Implementation of Customer Service Center – Staff continues to evolve the Customer Service Center to centralize key customer services and applicable clerical and administrative processes to improve customer service and inter-departmental efficiencies. This process will include an on-going assessment of the Center’s capacity to absorb various administrative programs, and required training and skills needed to provide services.

∞ ADMINISTRATIVE SERVICES DEPARTMENT ∞
Customer Service Center

KEY PROGRAM SERVICES

- Provide efficient and effective customer service through the continual expansion of the Center's knowledge base and skills
- Centralize and coordinate key customer, clerical, and administrative processes to further enhance inter-departmental efficiencies and customer service

CUSTOMER SERVICE CENTER STAFFING

Full Time Equivalents (FTE)

<i>Town Staff</i>	Authorized Positions	2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
Clerk Administrator	0.25	-	-	-	0.25	0.25
Deputy Clerk	0.70	-	-	-	0.70	0.70
Total Clerk Admin. FTEs	0.95	-	-	-	0.95	0.95

This program began in FY 2005/06; hence prior year information does not exist.

ADMINISTRATIVE SERVICES DEPARTMENT
Customer Service Center

Performance Objectives and Measures	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. <i>Provide a satisfactory level of response for customer counter service.</i>					
a. Percentage of customers satisfied with services:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>To Be Determined</i>	<i>To Be Determined</i>

Activity and Workload Highlights	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. Number of citizen inquiries and requests for information received and addressed:	18,000	18,000	18,000	36,000	36,000
2. Number of residential parking permits processed:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	430	430
3. Number of business parking permits processed:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	43	45
4. Number of neighborhood rental applications processed:	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	<i>New Measure for 2005/06</i>	49	55

Administrative Services Department

NON-DEPARTMENTAL PROGRAM PROGRAM 1111

PROGRAM PURPOSE

Appropriated funds are provided in the Non-Departmental Program to account for a variety of Town services and activities not specifically attributable to individual departments. Tax revenues, license and permit fees, and intergovernmental revenues are generated as a result of overall government operations. Non-departmental employee and retiree expenses, town-wide organizational costs, Town memberships, and joint-agency service agreements benefiting the entire Town are also accumulated in the Non-Departmental Program. Debt service and the related lease payments also flow in and out as non-departmental expenses in accordance with the bonding structure set up for the Redevelopment Agency's 1992 and 2002 Certificates of Participation. These pass-through expenses account for almost half of the annual program expenditures.

BUDGET OVERVIEW

The majority of the Town's general revenues are accounted for in the Non-Department Program. Current trends in the various tax revenues display signs that the local economy is slowly recovering, however ongoing uncertainty in the State's budget, as well as the potential impacts that changes in technology could have on the Town and local businesses continues to promote conservative caution in forecasting General Fund revenues for FY 2006/07.

With the end of the State's take-away of property tax under the Proposition 1A agreement, overall budgeted revenues reflect a 6.6% increase of almost \$1.26 million in FY 2006/07. The overall increase is attributed primarily to the increase in budgeted property tax receipts. This \$1.16 million (16.3%) property tax revenue increase reflects both real property tax and VLF substitute property tax. The Town's Sales Tax reflects a small increase of \$333,000 from the prior year's budget; however this projection reflects a decrease from the prior year estimated receipts. Lower receipts are expected due in part to the closing of two of the Town's auto dealers, and an expected slowing of the extraordinary growth rate experienced by a technology industry leader headquartered in Town. The remaining non-departmental revenues: Franchise Fees; Transient Occupancy Tax; Intergovernmental Revenues; Charge for Services; and Other Sources, all remain steady with very little change from the prior year's adopted budget levels. Another significant component of the total non-departmental \$20 million of revenues is the \$450,000 decrease in Operating Transfers. Operating revenues (exclusive of transfers) increased \$1.7 million, equal to 9.3%.

Again in FY 2006/07 the Town will benefit from prudent decisions made in prior years. Beginning in FY 1999/00, the California Public Employees' Retirement System (PERS) reduced the Town's share of staff's retirement funding rates under revised actuarial calculations of expected investment

∞ ADMINISTRATIVE SERVICES DEPARTMENT ∞
Non-Departmental

returns. As a prudent fiscal practice, management conservatively continued to self-assess the prior PERS rates and reserved the savings for use in times of increased rate assessments. With the economic recession in 2001, PERS suffered from several years of negative investment returns, and with enhanced Public Safety retirement formulas, updated actuarial calculations have substantially increased the Town's PERS rates. In three years time, rates for sworn officers have jumped from 16% in FY 2003/04 to 33.99% for FY 2006/07. This has more than doubled the Town's expense, resulting in an ongoing annual increase of over \$800,000 for 42 sworn officers over a three year period. Miscellaneous staff PERS rates also increased, from 0.0% in FY 2003/04 up to 12.66% for FY 2005/06. To offset these substantial increases to labor and benefit costs, the Non-Departmental budget includes a \$300,000 funding transfer from the PERS savings, the third year under a 10 year refunding plan, to be employed as necessary.

As has been the case in past years, the Non-Departmental Program will continue to fund:

- \$325,000 for potential increases to the employee leave liability reserve at year end and staffing adjustments in FY 2006/07. Another \$50,000 is funded for executive recruitments and job studies.
- \$165,000 for the cost of covering the Town's portion of retiree medical insurance premiums. The Town has paid for this expense since the Town became a member of the California Public Employees Retirement System (PERS) medical plan as it is part of the PERS agreement.
- \$248,500 for the lease payment on the Town's Parking Lot #4 structure as pledged under the 1992 Certificates of Participation. This payment is fully offset by a reimbursement from the Redevelopment Agency, with a result of no net impact on the Town's General Fund budget.
- \$682,580 for the lease payment on the Town's Corporation Yard property as pledged under the 2002 Certificates of Participation. This payment is also fully offset by a reimbursement from the Redevelopment Agency, with a result of no net impact on the Town's General Fund budget.
- \$125,000 for the County's Tax Administration fee for collecting and processing of the Town's assorted tax receipts, representing an increase of \$10,000 from the prior year.
- \$100,000 for Town Manager's Contingency, to be used to provide budgets for unforeseen situations or opportunities that may arise during the fiscal year.
- \$100,000 for Town Manager's Productivity, to be used to provide funding for one time initiatives that result in streamlining or innovations to improve existing services or reduce costs.
- \$34,800 for the Los Gatos Chamber of Commerce contract to provide advertising and marketing support for the Chamber's information center and implementation the Town's Leadership Los Gatos program. Originally managed by the Community Services Department program budget, the Chamber contract has been relocated to the Non-Departmental Program budget.
- \$178,000 for animal control services provided by the City of San Jose. The Town entered into a 20 year agreement with the City of San Jose, effective July 1, 2004.
- \$31,000 to fund the annual KCAT Grant and 25,000 to fund video operation services to televise Town Council meetings.
- \$75,000 to fund equipment for the Town's Emergency Operation Center (EOC), including a fuel trailer for emergency generators and notebook computers to develop a wireless-networked EOC, and a Town-wide campaign to enhance community preparedness efforts in the event of a natural or man-made emergency.

The net operating budget will also continue to support the Capital Improvement Program in FY 2006/07 with an Operating Transfer of \$150,000 to the General Fund Appropriated Reserves (GFAR) Fund. Additional transfers support the Parking Management Program and the CDBG Program.

ADMINISTRATIVE SERVICES DEPARTMENT
Non-Departmental

SUMMARY of REVENUES & EXPENDITURES

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
REVENUES						
<i>Property Tax</i>	4,977,119	5,207,381	5,302,061	5,459,780	5,668,510	6,369,900
<i>VLF Backfill Property Tax</i>	-	-	1,554,932	1,632,110	1,923,378	1,879,500
<i>Sales & Use Tax</i>	6,928,816	6,914,526	7,904,130	7,313,000	7,800,000	7,646,000
<i>Franchise Fees</i>	897,158	930,997	942,648	983,450	983,450	1,013,500
<i>Transient Occupancy Tax</i>	713,064	829,026	868,908	870,000	950,000	930,000
<i>Licenses & Permits</i>	89,233	30,074	30,000	30,000	30,000	31,500
<i>Intergovernmental Revenues</i>	2,256,362	2,277,693	1,342,865	1,128,050	1,663,040	1,172,780
<i>Charges for Services</i>	409,583	511,211	533,332	553,120	557,520	580,590
<i>Fines & Forfeitures</i>	-	16,050	-	-	-	-
<i>Interest</i>	196,850	98,663	137,500	100,000	150,000	150,000
<i>Other Sources</i>	280,889	42,032	335,031	319,500	2,804,160	326,500
<i>Transfers In</i>	1,105,853	1,018,322	312,381	673,060	224,210	221,850
TOTAL REVENUES	17,854,927	17,875,975	19,263,788	19,062,070	22,754,268	20,322,120
EXPENDITURES						
<i>Salaries and Benefits</i>	279,215	90,251	130,028	200,000	245,100	325,000
<i>Operating Expenditures</i>	607,727	593,160	689,094	1,088,977	689,209	1,300,940
<i>Grants and Awards</i>	31,000	31,000	64,499	65,800	65,800	65,800
<i>Fixed Assets</i>	7,720	-	-	-	-	-
<i>Public Buildings & Equip</i>	-	-	300,000	-	-	-
<i>Debt Service</i>	487,059	930,177	930,710	931,800	931,800	931,080
TOTAL EXPENDITURES	1,412,721	1,644,588	2,114,331	2,286,577	1,931,909	2,622,820
<i>Transfer out to Pkg Mgmt</i>	206,516	198,770	181,784	131,650	170,500	284,400
<i>Transfer out to CDBG</i>	263	-	1,092	25,850	-	25,150
<i>Transfer out to GFAR</i>	75,000	75,000	75,000	150,000	200,000	150,000
TOTAL OPERT'G BUDGET	1,694,500	\$1,918,358	\$2,372,207	\$2,594,077	\$2,302,409	\$3,082,370



Administrative Services Department

MANAGEMENT INFORMATION SYSTEMS FUND 685

FUND PURPOSE

Management Information Systems (MIS) supports the delivery of services to all the Town's customers through the use of SMART technology (Sensible, Multi-modal, Accessible, Responsive, and Time phased technology). Key services include the maintenance, replacement, and upgrade of existing technology, and the support for new information technology initiatives.

In meeting the organization's information technology needs, the MIS program strives to achieve the following goals:

- ✓ Continuously enhance and improve customer service
- ✓ Maintain and enhance a sound and reliable IT infrastructure
- ✓ Use information technology to provide seamless services
- ✓ Operate as a team to achieve information technology goals

BUDGET OVERVIEW

The FY 2006/07 budget for Management Information Systems (MIS) recognizes the continued need to identify and invest in information technology opportunities. With the consideration that continued investment in information technology is a cost-effective approach to maintaining, or potentially increasing, service delivery levels in times of fiscal constraints, the MIS budget maintains established service level operations.

The Management Information System (MIS) Program receives revenues through charges to General Fund and Special Revenue departmental programs based on employee category and equipment replacement costs. Service rates are adjusted to build fund balance capacity for future technology projects. The undesignated fund balance is incrementally programmed to replace the current technologically outdated financial system, the Town's telephone system, and to implement a document management system.

Under the Information Technology Strategic Plan guidelines approved in June of 2003, the FY 2006/07 MIS Program budget carries forward the appropriations set aside for assorted IT Master Plan approved projects. Major projects planned for FY 2006/07 include upgrading the financial tracking system, web streaming Town Council meetings, researching an upgrade or replacement of the permit tracking system, completing the Police CAD/RMS system upgrade, replacing Police patrol mobile data systems, and researching possible document management systems.

ADMINISTRATIVE SERVICES DEPARTMENT
Management Information Systems

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Undesignated	1,826,403	1,895,800	2,225,582	2,401,732	2,401,732	2,422,162
Total Beginning Fund Balance	1,826,403	1,895,800	2,225,582	2,401,732	2,401,732	2,422,162
Revenues						
Charges for Services	772,210	832,881	831,765	805,600	813,000	838,200
Other Sources	150	-	48	-	-	-
Total Revenues	772,360	832,881	831,813	805,600	813,000	838,200
TOTAL SOURCE OF FUNDS	\$2,598,762	\$2,728,681	\$3,057,395	\$3,207,332	\$3,214,732	\$3,260,362
USE OF FUNDS						
Expenditures						
Salaries and Benefits	242,573	306,896	333,951	363,400	373,300	378,400
Operating Expenditures	373,432	196,203	261,260	440,500	363,170	497,770
Fixed Assets/Special Projects	86,957	-	60,452	490,000	56,100	302,300
Internal Service Charges	-	-	-	-	-	-
Total Expenditures	702,962	503,099	655,663	1,293,900	792,570	1,178,470
Operating Transfers						
Transfer to GFAR	-	-	-	-	-	525,000
Total Operating Transfers	-	-	-	-	-	525,000
Ending Fund Balance						
Undesignated	1,895,800	2,225,582	2,401,732	1,913,432	2,422,162	1,556,892
Total Ending Fund Balance	1,895,800	2,225,582	2,401,732	1,913,432	2,422,162	1,556,892
TOTAL USE OF FUNDS	\$2,598,762	\$2,728,681	\$3,057,395	\$3,207,332	\$3,214,732	\$3,260,362

∞ ADMINISTRATIVE SERVICES DEPARTMENT ∞
Management Information Systems

FY 2006/07 KEY PROJECTS

Development of IT Master Plan Projects - MIS staff will continue to implement portions of priority projects identified in the IT Master Plan, including the implementation of e-government improvements and upgrade of the financial system.

Identification of New Systems Technology –The permit tracking system will be assessed during FY 2006/07 to determine needed upgrades in collaboration with the Community Development Department which is the main user of that system. MIS staff will also work with the Police Department to assess options for replacing the aging Mobile Data Computer systems. Researching document management systems that could streamline existing processes and provide added functionality will also be assessed.

System Upgrades – Includes replacing selected computers, notebooks, servers, and printers as part of the replacement program.

KEY PROGRAM SERVICES

- Maintenance and upgrades of administrative network system (servers, PCs, notebooks, printers, hardware, & software)
- Town-wide MIS replacement program purchases
- Customer technical support
- Website management
- Research and planning for new technology solutions

MANAGEMENT INFORMATION PROGRAM STAFFING

Full Time Equivalent (FTE)

<i>Town Staff</i>	Authorized Positions	2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
MIS Manager	1.00	1.00	1.00	1.00	1.00	1.00
MIS Specialist	2.00	1.00	2.00	2.00	2.00	2.00
Administrative Programs Mgr.	0.20	-	-	-	0.20	0.20
Finance Project Coordinator	-	0.25	0.25	0.25	-	-
Total MIS FTEs	3.20	2.25	3.25	3.25	3.20	3.20

ADMINISTRATIVE SERVICES DEPARTMENT
Management Information Systems

Performance Objectives and Measures	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. <i>Support the delivery of services to all the Town's customers through the use of SMART technology (Sensible, Multi-modal, Accessible, Responsive, and Time phased technology).</i>					
a. Percent of time service requests are resolved within established guidelines	<i>New Measure for 2003/04</i>	90%	94%	72%	80%
b. Percent of network availability during normal business hours	<i>New Measure for 2003/04</i>	99%	99%	100%	99%
c. Percent of customers rating support as "good" or "excellent" based on timeliness and quality of service	<i>New Measure for 2003/04</i>	<i>Data Not Available</i>	<i>Data Not Available</i>	<i>To Be Determined</i>	<i>To Be Determined</i>

Activity and Workload Highlights	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Estimated	2006/07 Budget
1. Number of PCs/Notebooks maintained:	98	111	138	138	158
2. Number of network servers maintained:	11	16	21	21	24
3. Number of network printers maintained:	35	36	36	36	37
4. Number of service requests received:	450	650	855	908	900

Town Manager's Department

WORKERS COMPENSATION FUND FUND 610

FUND PURPOSE

The Town's Workers' Compensation Program provides for anticipated liabilities for worker compensation benefits. The Town self-insures for benefits provided to Town employees and volunteers for work-related injuries up to \$250,000 dollars, and has excess insurance coverage for claims up to \$25 million. The Town belongs to the Local Agency Workers' Compensation Excess (LAWCX) Joint Powers Authority for the purpose of pooling for this excess insurance. A third party administrator, Innovative Claims Solutions, Inc. (ICS), handles the day-to-day workers' compensation claims administration.

BUDGET OVERVIEW

Revenues to fund this program are derived as a percentage of salary each payroll period. Each department pays a portion of the program's cost based on gross wages and level of risk for the various job classifications within the department. The annual appropriation to this fund represents the self-insurance premiums paid by the operating departments. Service rates are established which maintains fund balance capacity at approximately two and one-half times the annual operating expense. Any excess funds are returned through reduced rates and fund balance transfers as needed.

Program costs covered in the internal rates include administration fees, claim settlement costs, attorney fees (outside counsel), medical expenses, payment for temporary and permanent disability, safety program administration and training, and excess insurance premiums. The FY 2006/07 budget reflects very little change in total workers' compensation-related expenditures, as the trend analysis indicates that claim activity is likely to remain constant in the short term.

Staff is working with the Town's third party administrator to evaluate the impacts of recently enacted legislation for State's workers' compensation reform. There are early indicators that the State's reform efforts may result in an overall reduction in claims costs over the long term. Staff will continue to monitor workers' compensation reform activities and recommend adjustments to the Town's Workers Compensation Program as appropriate.

∞ TOWN MANAGER'S DEPARTMENT ∞
Workers Compensation Fund

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Designated	-	-	-	-	-	-
Undesignated	2,151,509	1,997,543	1,719,090	1,817,055	1,817,055	1,871,935
Total Beginning Fund Balance	2,151,509	1,997,543	1,719,090	1,817,055	1,817,055	1,871,935
Revenues						
Charges for Services	509,390	498,290	582,124	601,400	630,000	595,700
Interest Income	41	18	24	20	-	-
Other Sources	-	-	5,133	-	-	-
Total Revenues	509,431	498,308	587,281	601,420	630,000	595,700
TOTAL SOURCE OF FUNDS	2,660,940	2,495,851	\$2,306,371	\$2,418,475	\$2,447,055	\$2,467,635
USE OF FUNDS						
Expenditures						
Salaries and Benefits	157,845	38,564	41,804	46,800	53,200	48,500
Operating Expenditures	355,552	613,198	447,512	557,880	521,920	552,040
Internal Service Charges	-	-	-	-	-	-
Total Expenditures	513,396	651,762	489,316	604,680	575,120	600,540
Operating Transfers						
Transfer to General Fund	150,000	125,000	-	60,000	-	-
Total Operating Transfers	150,000	125,000	-	60,000	-	-
Ending Fund Balance						
Designated	-	-	-	-	-	-
Undesignated	1,997,543	1,719,090	1,817,055	1,753,795	1,871,935	1,867,095
Total Ending Fund Balance	1,997,543	1,719,090	1,817,055	1,753,795	1,871,935	1,867,095
TOTAL USE OF FUNDS	2,660,940	2,495,851	\$2,306,371	\$2,418,475	\$2,447,055	\$2,467,635

FY 2006/07 KEY PROJECTS

Training Programs - The Town continues to look for opportunities to minimize Workers' Compensation program costs through promoting safe work practices and employee wellness programs. Staff is coordinating with the Town's third party insurance administrator (ABAG) to identify grants and training opportunities related to safety and injury/illness prevention.

Program Benefit Information – Staff will continue efforts to provide information to Town employees on workers' compensation benefits.

TOWN MANAGER'S DEPARTMENT
Workers Compensation Fund

KEY PROGRAM SERVICES

- Coordinates the Town's Workers' Compensation program with contract administration firm
- Administers and/or coordinates work safety programs
- Promotes safe work practices and employee wellness
- Provides timely reporting of employee injury reports
- Provides information to employees regarding workers' compensation reporting
- Minimizes the Town's exposure to losses as a result of employee accidents or illnesses

WORKERS' COMPENSATION PROGRAM STAFFING

Full Time Equivalent (FTE)

<i>Town Staff</i>	Authorized Positions	2002/03 Funded	2003/04 Funded	2004/05 Funded	2005/06 Funded	2006/07 Funded
Human Resources Director	0.20	0.20	0.20	0.20	0.20	0.20
Human Resources Specialist	0.15	0.20	0.20	0.20	0.15	0.15
Modified duty position*		1.00	-	-	-	-
Total Workers Compensation	0.35	0.40	0.40	0.40	0.35	0.35

** The Modified Duty FTE is not an actual position, and was not included in the total of authorized full-time equivalents. This FTE represented a funding mechanism utilized in FY 2002/03 for estimated costs associated within the Workers Compensation Program. This appropriation structure was not utilized in subsequent years.*



Administrative Services Department

OFFICE STORES FUND FUND 680

FUND PURPOSE

Photocopy equipment, postage, and bulk mail expenses are centrally funded through the Town's Office Stores program, and subsequently charged back to the appropriate department for services and materials utilized on a monthly basis. Due to limited personnel activity in the operations of this program, there are no staffing, key projects, or performance measures accounted for in this fund.

BUDGET OVERVIEW

The Office Stores program entered into two five year lease arrangements for photocopiers in FY 2003/04; one located in the downstairs in the Civic Center offices, and one located in the Parks and Public Works Department. A third five year lease and maintenance agreement was initiated in FY 2004/05 for a new photocopier machine for the Police Department, again eliminating their purchased machine. A fourth five year lease and maintenance agreement began in FY 2005/06 for the Community Services Department's photocopier, also eliminating an outdated, high repair and maintenance machine.

The decision to lease new photocopiers rather than purchase was made after repeated breakdowns and quality issues with the old photocopiers. In addition, the resale value of photocopier machines after five years use is less than one-tenth of the cost, while lease agreements provide upgraded machines with repairs included, at equitable net costs under maintenance only agreements. The impact of these changes to the Office Stores Program is the elimination of depreciation expense in future years as the Town no longer owns the equipment.

As PPW is located in a separate building from the rest of the Town Offices, this department assumes financial and maintenance responsibility for copier operations rather than using indirect charge-backs through the Office Stores Program. The remaining departments utilize the Office Stores Program for their copier expenditures. No Office Stores machine replacements are scheduled in FY 2006/07. Copy charge revenue and expenditures for FY 2006/07 remain relatively unchanged from the prior year's budget.

KEY PROGRAM SERVICES

- Provide postage and photocopy equipment and supplies for various Town Departments
- Monitor service levels and performance of copier and postage machines, maintaining and replacing equipment as needed.

ADMINISTRATIVE SERVICES DEPARTMENT
Office Stores Fund

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Designated	-	-	-	-	-	-
Undesignated	193,318	194,752	218,253	230,218	230,218	237,218
Total Beginning Fund Balance	193,318	194,752	218,253	230,218	230,218	237,218
Revenues						
Charge for Services	91,421	88,340	88,910	86,000	85,000	86,000
Other Sources	-	29,126	641	-	-	-
Total Revenues	91,421	117,466	89,551	86,000	85,000	86,000
TOTAL SOURCE OF FUNDS	\$ 284,739	\$ 312,218	\$ 307,804	\$ 316,218	\$ 315,218	\$ 323,218
USE OF FUNDS						
Expenditures						
Salaries and Benefits	-	-	-	-	-	-
Operating Expenditures	89,987	93,965	77,586	86,000	78,000	83,350
Internal Service Charges	-	-	-	-	-	-
Total Expenditures	89,987	93,965	77,586	86,000	78,000	83,350
Operating Transfers						
Transfer to General Fund	-	-	-	-	-	-
Total Operating Transfers	-	-	-	-	-	-
Ending Fund Balance						
Designated	-	-	-	-	-	-
Undesignated	194,752	218,253	230,218	230,218	237,218	239,868
Total Ending Fund Balance	194,752	218,253	230,218	230,218	237,218	239,868
TOTAL USE OF FUNDS	\$ 284,739	\$ 312,218	\$ 307,804	\$ 316,218	\$ 315,218	\$ 323,218

Administrative Services Department

DOWNTOWN PARKING ASSESSMENT DISTRICT

FUND 724

FUND PURPOSE

On December 5, 1988, the Town of Los Gatos issued 25-year Limited Obligation Bonds in the amount of \$1,587,956.29. The net proceeds of the bonds were used to finance several parking improvement projects, which include: the construction of a surface lot known as Parking Lot No. 3, located in the block bounded by University and Santa Cruz Avenue, Grays Lane, and Royce Street. The construction of surface lot No. 4 located in the block bounded by University and Santa Cruz Avenues, and Grays Lane and Elm Street. The re-construction of an existing traffic island and adjacent street located at the intersection of East Main Street and Alpine Avenue, known as Parking Lot No. 8. And finally, to fund a portion of the construction costs of a two-level parking structure, collectively with the Redevelopment Agency's 1992 Certificate of Participation funding issuance in the amount of \$2,960,000.

The bonds are not a financial liability of the Town. The bonds were issued upon and secured by unpaid assessments on properties within the Downtown Parking Assessment District. Installments of principal and interest sufficient to meet annual bond debt service are included in the property owner's regular county tax bills which represents a pro rata share of the total principal and interest coming due that year. The pro rata shares are based on the percentage which the unpaid assessment against that property bears to the total of unpaid assessments levied to repay the bonds.

The property owners pay their assessments to the county, and the county remits the assessment monies to the Town. The Town makes semi-annual payments to the Trustee Bank on behalf of the property owners. Property owners may pay off their assessments to the Town at any time. These prepayments are retained in this fund (earning interest) and used to make bond payments as they become due.

To provide funds for the payment of the bonds and interest due as a result of delinquent assessment installments, the Town is required to establish a special bond reserve equal to five percent (5%) of the aggregate principal amount of the bonds. Interest earnings on the special reserve are retained up to eight percent (8%) of the aggregate principal amount of the bonds. This Trust Fund provides for the servicing of this special reserve, as well as the annual redemption of bonds.

BUDGET OVERVIEW

The budget for this fund is comprised of the expected assessment receipts and the semi-annual debt service payments made to the Trustee Bank. Interest expense continues to decrease each year as bonds mature. The September 2006 bond principal maturity payment of \$80,000 will leave an outstanding bond balance of \$770,000.

ADMINISTRATIVE SERVICES DEPARTMENT
Downtown Parking Assessment District

STATEMENT OF SOURCE AND USE OF FUNDS

	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
SOURCE OF FUNDS						
Beginning Fund Balance						
Designated	-	-	-	-	-	-
Undesignated	284,396	292,579	301,302	323,372	323,372	326,172
Total Beginning Fund Balance	284,396	292,579	301,302	323,372	323,372	326,172
Revenues						
Assessments	142,295	141,856	159,081	140,440	140,440	137,740
Interest / Dividends	14,450	15,496	11,282	15,000	10,000	10,000
Total Revenues	156,745	157,352	170,363	155,440	150,440	147,740
TOTAL SOURCE OF FUNDS	\$ 441,141	\$ 449,931	\$ 471,665	\$ 478,812	\$ 473,812	\$ 473,912
USE OF FUNDS						
Expenditures						
Operating Expenditures	2,057	2,031	2,029	3,000	2,100	2,100
Debt Service	146,505	146,598	146,265	145,540	145,540	144,400
Total Expenditures	148,562	148,629	148,294	148,540	147,640	146,500
Operating Transfers						
Transfer to	-	-	-	-	-	-
Total Operating Transfers	-	-	-	-	-	-
Ending Fund Balance						
Designated	-	-	-	-	-	-
Undesignated	292,579	301,302	323,372	330,272	326,172	327,412
Total Ending Fund Balance	292,579	301,302	323,372	330,272	326,172	327,412
TOTAL USE OF FUNDS	\$ 441,141	\$ 449,931	\$ 471,665	\$ 478,812	\$ 473,812	\$ 473,912

TOWN MANAGER'S DEPARTMENT
Downtown Parking Assessment District

Town of Los Gatos
Limited Obligation Improvement Bonds, Series 88-1
Bond Debt Schedule

Fiscal Year	Annual Interest Rate	September Principal Payment	September Interest Payment	March Interest Payment	Fiscal Year Total Interest Payment	Bond Principal Balance @ YE
<i>Initial Bond Offering at December 5, 1988</i>				-		1,587,956
1989/90		-	91,127	61,434	152,560	1,587,956
1990/91	6.25	27,956	61,434	60,560	121,994	1,560,000
1991/92	6.50	30,000	60,560	59,585	120,145	1,530,000
1992/93	6.75	30,000	59,585	58,573	118,158	1,500,000
1993/94	7.00	30,000	58,573	57,523	116,095	1,470,000
1994/95	7.10	35,000	57,523	56,280	113,803	1,435,000
1995/96	7.20	35,000	56,280	55,020	111,300	1,400,000
1996/97	7.30	40,000	55,020	53,560	108,580	1,360,000
1997/98	7.40	40,000	53,560	52,080	105,640	1,320,000
1998/99	7.50	45,000	52,080	50,392	102,472	1,275,000
1999/00	7.60	50,000	50,392	48,493	98,885	1,225,000
2000/01	7.70	50,000	48,493	46,568	95,060	1,175,000
2001/02	7.80	55,000	46,568	44,423	90,990	1,120,000
2002/03	7.80	60,000	44,423	42,083	86,505	1,060,000
2003/04	7.90	65,000	42,083	39,515	81,598	995,000
2004/05	7.90	70,000	39,515	36,750	76,265	925,000
2005/06	7.90	75,000	36,750	33,788	70,538	850,000
2006/07	7.95	80,000	33,788	30,608	64,395	770,000
2007/08	7.95	85,000	30,608	27,229	57,836	685,000
2008/09	7.95	95,000	27,229	23,453	50,681	590,000
2009/10	7.95	100,000	23,453	19,478	42,930	490,000
2010/11	7.95	110,000	19,478	15,105	34,583	380,000
2011/12	7.95	120,000	15,105	10,335	25,440	260,000
2012/13	7.95	125,000	10,335	5,366	15,701	135,000
2013/14	7.95	135,000	5,366	-	5,366	-
TOTALS		1,587,956	988,196	926,762	1,914,958	

